



ace asia pacific

美商安達北美洲產物保險股份有限公司
Insurance Company of North America

PRODUCTS LIABILITY
INSURANCE POLICY

財政部執照外保分更第 00 三 號
經濟部執照外國公司分公司北市建商設字第一三三九號

Taipei Branch Office: 111, No. 184, Hsin Yi Rd., Sec. 4, Taipei 108, Taiwan
TEL: 886 2 21920888 FAX: 886 2 27056616
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EXHIBIT

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ace insurance

美商安達北美洲產物
保險股份有限公司Insurance Company
of North America110
台北市信義路五段
8號10樓2 87581800 main
2 87581888 fax

www.ace-ins.com.tw

財政部87.12.23 台財保第872446818號函修訂

產 品 責 任 保 險 單

保險單號碼	3200 JCL0502023/2006-412 本單係3200JCL0502023/2005-397 續保		
被保險人	Meiko Pet Corp./Meiko Pet (Soung-Gang) Mfg. Factory		
住 所 (通訊處)	12, Industry 14th Road, Tali City, Taichung Hsien, Taiwan, R. O. C.		
保險期間	自民國95年9月20日中午12時起至民國96年9月20日中午12時止		
被保險 產品名稱	Aquarium Air Pump, Aquarium Heater, Bubble Stone, Magnetic Cleaner, Aquarium Plastic Tank, Aquarium Filters, Reptile Panel Heater, Reptile Heating Stone, Heated Pet Mat for Dog & Cat, Heated Pet Bowl for Dog, Heated Flap-Back Bucket for dog or horse and Aquarium Accessories manufactured by the insured and sold to policy territory via all vendors. *Warranted Air Pumps, Heater, Filters, Heating Stone, Heated Mat, Heated Bowl and Heated Bucket are UL/CSA approved and/or complied with the mandatory and/or voluntary safety standards of importing countries.		
地區限制	Worldwide (However, under no circumstances shall any country or jurisdiction which is the subject of trade or economic sanctions imposed by the laws or regulations of the United States of America is being covered under this policy).		
準據法限制			
代號	承保範圍	保險金額	被保險人自負額
31	每一個人身體傷害	US\$2,000,000	US\$7,500 for all powered/heated products; US\$1,000 for products other than powered/heated products, each occurrence, which also applies down to costs and expenses
32	每一意外事故身體傷害	US\$2,000,000	
33	每一意外事故財物損失	US\$2,000,000	
35	保險期間內之累計保險金額	US\$2,000,000	
保險期間內預計 銷售總金額	U. S. A. /Canada: US\$1,250,000 R. O. W. : US\$500,000 Total: US\$1,750,000		

One of the ACE Group of Insurance & Reinsurance Companies



ace insurance

保險費率	U. S. A. /Canada: 2.15% R. O. W. : 0.93%
預收保險費	US\$31,525 (NT\$1,037,488)
最低保險費	US\$31,525 (NT\$1,037,488)

被保險人注意事項：

- 一、本保險單及附加批單各項內容更改時，請洽商本公司批改。
- 二、本保險單非經本公司經理一人簽署不生效力。
- 三、保險費之交付以本公司發發之正式收據為憑。

英商安達北美洲產物保險股份有限公司
經(副)理簽署

中 華 民 國 9 5 年 9 月 2 0 日 立 於 台 北 市 覆 核

INSURANCE COMPANY OF NORTH AMERICA

TAIPEI BRANCH OFFICE

Please review this policy carefully and discuss the coverage with your insurance agent, broker or representative.

DECLARATIONSPOLICY NUMBER: JCL0502023/2006-412RENEWAL of: JCL0502023/2005-397

- Item 1. - Named Insured: Meiko Pet Corp./Meiko Pet (Soung-Gang) Mfg. Factory
 - Mailing Address: 12, Industry 14th Road, Tali City, Talchung Hsien, Taiwan, R.O.C.
- Item 2. - Policy Period: From : September 20, 2006 P.M. 12:00
 To : September 20, 2007 P.M. 12:00
 Taiwan Standard Time
 - Occupation: Manufacturer
- Item 3. - Named Insured is: Corporation
- Item 4. - Limit of Liability: US\$2,000,000 each occurrence & US\$2,000,000 annual aggregate
- Item 5. - Deductible: US\$7,500 for all powered/heated products; US\$1,000 for products other than powered/heated products, each occurrence, which also applies down to costs and expenses
- Item 6. - Products: Aquarium Air Pump, Aquarium Heater, Bubble Stone, Magnetic Cleaner, Aquarium Plastic Tank, Aquarium Filters, Reptile Panel Heater, Reptile Heating Stone, Heated Pet Mat for Dog & Cat, Heated Pet Bowl for Dog, Heated Flap-Back Bucket for dog or horse and Aquarium Accessories manufactured by the insured and sold to policy territory via all vendors.
 *Warranted Air Pumps, Heater, Filters, Heating Stone, Heated Mat, Heated Bowl and Heated Bucket are UL/CSA approved and/or complied with the mandatory and/or voluntary safety standards of importing countries.
- Item 7. - Estimate Sales: U.S.A./Canada: US\$1,250,000
 R.O.W.: US\$500,000
 Total: US\$1,750,000
 - Premium Rate: U.S.A./Canada: 2.15%
 R.O.W.: 0.93%
-
- Item 8. - Minimum and Deposit Premium: US\$31,525 (NT\$1,037,488)
- Item 9. - Policy Territory: Worldwide (However, under no circumstances shall any country or jurisdiction which is the subject of trade or economic sanctions imposed by the laws or regulations of the United States of America is being covered under this policy).
- Item 10. - Endorsement Attached to The Policy as From Inception:
 - Additional Insured (Vendors-Broad Form)

INSURANCE COMPANY OF NORTH AMERICA

TAIPEI BRANCH OFFICE

- ..Asbestos Exclusion
- ..Deductible Clause
- ..Efficacy Clause
- ..Millennium Endorsement
- ..Minimum Earned Premium Clause
- ..Mold and Fungl Exclusion
- ..Pollution Exclusion - Absolute
- ..Products Warranty
- ..Professional Liability Exclusion
- ..Punitive Damages Exclusion Clause
- ..Pure Financial Loss Exclusion
- ..Silica Exclusion
- ..Terrorism Exclusion Endorsement
- ..USA/Canada Domiciled Operations Exclusion

In witness whereof this policy has been signed by or on behalf of the branch manager of the Company
at Taipei on September 20, 2006

Insurance Company of North America
Taipei Branch Office



Authorized Signature

Insurance Company of North America Taipei Branch Office

In consideration of the premium being paid by the Insured to the Insurance Company of North America, Taipei Branch (hereinafter called the Company) and in reliance upon the written statements and declaration contained in the Proposal which shall be deemed to be the basis of this Policy the Company agrees to indemnify the Insured as follows:

COVERAGE

Coverage is afforded under this policy in accordance with the specific Coverage Parts identified in Declarations as being a part of this policy.

PRODUCTS LIABILITY INSURANCE POLICY

Coverage Part - Occurrence Form

A) Insuring Agreement

The Company will pay on behalf of the Insured all sums which the insured shall become legally obligated to pay as damages because of bodily injury or property damage included within the product hazard to which this insurance applies. No other obligations or liability to pay sums or perform acts or services is covered unless provided for under SUPPLEMENTARY PAYMENTS. The bodily injury or property damage must be caused by an occurrence. The occurrence must take place in the Policy territory.

The Company shall have the right and duty to defend any suit against the Insured seeking damages on account of such bodily injury or property damage, even if any of the allegations of the suit are groundless, false or fraudulent, and may make such investigation and settlement of any claim or suit as it deems expedient, but the Company shall not be obligated to pay any claim or judgment or to defend any suit after the applicable limit of the Company's liability has been exhausted by payment of judgments or settlements.

B) Exclusions

This insurance does not apply to:

- (1) bodily injury or property damage expected or intended from the standpoint of the Insured. This exclusion does not apply to bodily injury resulting from the use of reasonable force to protect persons or property.
- (2) bodily injury or property damage for which the Insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:
 - (a) assumed in a contract or agreement that is an insured contract, or
 - (b) that the Insured would have in the absence of the contract or agreement.
- (3) bodily injury or property damage for which any Insured may be held liable by reason of:
 - (a) causing or contributing to the intoxication of any person;
 - (b) the furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
 - (c) any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if the Insured is in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

- (4) any obligation of the Insured under a workers compensation, disability benefits or unemployment compensation law or any similar law.
- (5) bodily injury to:
 - (a) any employee of the Insured arising out of and in the course of employment by the insured; or
 - (b) the spouse, child, parent, brother or sister of that employee as a consequence of (a) above.

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Insurance Company of North America Taipei Branch Office

This exclusion applies:

- (a) whether the insured may be liable as an employer or in any other capacity; and
- (b) to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the Insured under an insured contract.

- (6) bodily injury or property damage due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.
- (7) property damage to the Named insured's products arising out of such products or any parts of such products;
- (8) property damage to impaired property or property that has not been physically injured, arising out of:
 - (a) a defect, deficiency, inadequacy or dangerous condition in the insured's product; or
 - (b) a delay or failure by the Insured or anyone acting on his behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to the insured's product or work after it has been put to its intended use.

- (9) damages claimed for the withdrawal, inspection, repair, replacement, or loss of the use of the Named Insured's products or work completed by or for the Named Insured or of any property of which such products or work form a part, if such products, work or property are withdrawn from the market or from use because of any known or suspected defect or deficiency therein;
- (10) bodily injury or property damage arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water.

This insurance also does not apply to any cost or expense arising out of any governmental demand or request that an insured test for, assess, monitor, clean-up, remove, contain, treat, detoxify, or neutralize any such irritants, contaminants or pollutants.

This Company shall not have the duty to defend any claim or suit seeking to impose such costs, expenses, liability for such damages, or any other relief.

- (11) (a) Under any Liability Coverage, to bodily injury or property damage:

- Ⓐ with respect to which an Insured under the policy is also an Insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, or Nuclear Insurance Association of Canada, or would be an Insured under any such policy but for its termination upon exhaustion of its limit of liability; or

- ~~Ⓑ resulting from the hazardous properties of nuclear material and with respect to which (i) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (ii) the Insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization;~~

- (b) Under an Medical Payments Coverage, or under any Supplementary Payments provision relating to first aid, to expenses incurred with respect to bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.
 - (c) Under any Liability Coverage, to bodily injury or property damage resulting from the hazardous properties of nuclear material, if:

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- ① the nuclear material (i) is at any nuclear facility owned by, or operated by or on behalf of, an insured, or (ii) has been discharged or dispersed therefrom;
 - ② the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an Insured; or
 - ③ the bodily injury or property damage arises out of the furnishing by an Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories or possessions, or Canada, this exclusion ③ applies only to property damage to such nuclear facility and any property thereat;
- (d) As used in this Exclusion:
- ① "Hazardous properties" include radioactive, toxic, or explosive properties;
 - ② "Nuclear material" means source material, special nuclear material or byproduct material;
 - ③ "Source material", "special nuclear material", and "byproduct material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;
 - ④ "Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor;
 - ⑤ "Waste" means any waste material (i) containing byproduct material and (ii) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph ③, (i) or (ii) thereof;
 - ⑥ "Nuclear facility" means: (i) any nuclear reactor; (ii) any equipment or device designed or used for (aa) separating the isotopes of uranium or plutonium, (bb) processing or utilizing spent fuel, or (cc) handling, processing, or packaging waste; (iii) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the Insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235; (iv) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste; and (v) includes the site on which any of the foregoing is located, all operations conducted on such site, and all premises used for such operations;
 - ⑦ "Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;
 - ⑧ "Property damage" includes all forms of radioactive contamination of property.

SUPPLEMENTARY PAYMENTS

The Company will pay with respect of any claim or suit:

- (1) All expenses incurred by the Company, all costs taxed against the insured in any suit defended by the Company and all interests on the entire amount of any judgment therein which accrues after entry of the judgment and before the Company has paid or tendered or deposited in court that part of the judgment which does not exceed the limit of the Company's liability thereon;
- (2) Premiums on appeal bonds required in any such suit, and premiums on bonds to release attachments in any such suit for an amount not in excess of the applicable limit of liability of this policy;
- (3) Expenses incurred by the insured for first aid to others at the time of any accident, for bodily injury to which this policy applies;
- (4) Reasonable expenses incurred by the insured at the Company's request in assisting the Company in the investigation or defense of any claim or suit, including actual loss of earnings not to exceed \$100 per day.

The Company agrees to pay the claims expenses incurred under the above sections but such payments shall be part of, and not in addition to, the applicable limits of liability of this coverage.

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PERSONS INSURED

Each of the following is an Insured under this insurance to the extent set forth below:

- (1) If the Named Insured is designated in the declarations as an individual, the person so designated but only with respect to the conduct of a business of which he is the sole proprietor, and the spouse of the Named Insured with respect to the conduct of such a business;
- (2) If the Named Insured is designated in the declarations as a partnership of joint venture, the partnership or joint venture so designated and any partner or member thereof but only with respect to his liability as such;
- (3) If the Named Insured is designated in the declarations as other than an individual, partnership or joint venture, the organization designated and any executive officer, director or stockholder thereof while acting within the scope of his duties as such;
- (4) Any person (other than an employee of the Named Insured) or organization while acting as real estate manager for the Named Insured.

This insurance does not apply to bodily injury or property damage arising out of the conduct of any partnership or joint venture of which the Insured is a partner or member and which is not designated in this policy as a Named Insured.

LIMIT OF LIABILITY

Regardless of the number of (A) Insureds under this policy, (B) persons or organization who sustain bodily injury or property damage, or (C) claims made or suits brought on account of bodily injury or property damage, the Company's liability is limited as follows:

The limit of liability stated in the declarations as applicable to "each occurrence" is limit of the Company's liability for all damages because of bodily injury or property damage, or both combined, as the result of any one occurrence.

Subject to the foregoing respecting "each occurrence" the total liability of the Company for all damages because of all bodily injury and property damage included within the products hazard, shall not exceed the limit stated in the declarations as "aggregate".

For the purpose of determining the limit of the Company's liability, all property damage arising out of continuous or repeated exposure to substantially the same general conditions shall be considered as arising out of one occurrence.

POLICY TERRITORY

This insurance applies to bodily injury or property damage caused by an occurrence included within the product hazard which takes place in the Policy territory designated in Item 9 of the DECLARATIONS sheet.

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DEFINITIONS

When used in this policy:

- A) "Bodily injury" means bodily injury, sickness or disease sustained by any person which occurs during the policy period, including death at any time resulting therefrom.
- B) "Claims expense" means:
- ① Fees charged by an attorney designated by the Company; and
 - ② All other fees, costs and expenses resulting from the investigation, adjustment, defense and appeal of a claim, if incurred by the Company or by the Insured with the written consent of the Company;
 - ③ Cost of investigation and adjustment of claims by salaried employees, fee adjusters or attorneys of the Company;
 - ④ The Company's overhead.
- C) "Impaired property" means tangible property, other than the Named Insured's product or work, that cannot be used or is less useful because:
- ① It incorporates the Named Insured's product or work that is known or thought to be defective, deficient, inadequate or dangerous; or
 - ② The Named Insured failed to fulfill the terms of a contract or agreement.
- D) "Insured contract" means:
- ① A lease of premises;
 - ② A sidetrack agreement;
 - ③ An easement or license agreement in connection with vehicle or pedestrian private railroad crossings at grade;
- E) "Insured's product" means:
- ① Any goods or products designated in Item 6 of the DECLARATIONS which were: a) manufactured by the Insured in Taiwan and exported to the Policy territory, or b) manufactured in Taiwan and exported by the Insured to the Policy territory.
 - ② Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
- The Insured's product includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in ① and ② above.
- The Insured's product does not include vending machines or other property rented to or located for the use of others but not sold.
- F) "Occurrence" means an accident including continuous or repeated exposure to substantially the same general harmful conditions.
- G) "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- H) ~~"Products Hazard" includes all "bodily injury" and "property damage" occurring away from premises the Insured owns or rents and arising out of the Insured's product or work except products that are still in the Insured's physical possession.~~
- I) "Property damage" means:
- ① Physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting therefrom, or
 - ② Loss of use of tangible property which has not been physically injured or destroyed provided such loss of use is caused by an occurrence during the policy period.
- J) "Suit" means a civil proceeding in which damages because of "bodily injury" or "property damage" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which the Named Insured must submit or submit with the Company's consent.

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CONDITIONS

A) Premium

All premiums for this policy shall be computed in accordance with the Company's rules, rates, rating plans, premiums and minimum premiums applicable to the insurance afforded herein.

Premium designated in this policy as "advance premium" is a deposit premium only which shall be credited to the amount of the earned premium due at the end of the policy period. At the close of each period (or part thereof terminating with the end of the policy period) designated in the declarations as the audit period the earned premium shall be computed for such period and upon notice thereof to the Named Insured, shall become due and payable. If the total earned premium for the policy period is less than the premium previously paid, the Company shall return to the Named Insured the unearned portion paid by the Named Insured.

The Named Insured shall maintain records of such information as is necessary for premium computation, and shall send copies of such records to the Company at the end of the policy period and at such times during the policy period as the Company may direct.

B) Inspection and Audit

The Company shall be permitted but not obligated to inspect the Named Insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking, on behalf of or for the benefit of the Named Insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

The Company may examine and audit the Named Insured's books and records at any time during the policy period and extensions thereof and within three years after the final termination of this policy, as far as they relate to the subject matter of this insurance.

C) Insured's Duties in the Event of Occurrence, Claim or Suit

- (1) In the event of an occurrence, written notice containing particulars sufficient to identify the Insured and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the injured and of available witnesses, shall be given by or for the Insured to the Company of any of its authorized agents as soon as practicable.
- (2) If claim is made or is brought against the Insured, the Insured shall immediately forward to the Company every demand, notice, summons or other process received by him or his representative.
- (3) The Insured shall cooperate with the Company and upon the Company's request, assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the Insured because of injury or damage with respect to which insurance is afforded under this policy; and the Insured shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The Insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for first aid to others at the time of accident.

D) Action Against Company

No action shall lie against the Company unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy nor until the amount of the Insured's obligation to pay shall have been finally determined either by judgment against the Insured after actual trial or by written agreement of the Insured, the claimant and the Company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. No person or organization shall have any right under this policy to join the Company as a party to any action against the Insured to determine the Insured's liability, nor shall the Company be impleaded by the Insured, or his legal representative. Bankruptcy or insolvency of the Insured or of the Insured's estate shall not relieve the Company of any of its obligations hereunder.

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E) Other Insurance

The insurance afforded by this policy is primary insurance, except when stated to apply in excess of or contingent upon the absence of other insurance. When this insurance is primary and the Insured has other insurance which is stated to be applicable to the loss on an excess or contingent basis, the amount of the Company's liability under this policy shall not be reduced by the existence of such other insurance.

When both this insurance and other insurance apply to the loss on the same basis, whether primary, excess or contingent, the Company shall not be liable under this policy for a greater proportion of the loss than that stated in the applicable contribution provision below:

- (1) Contribution by Equal Shares: If all of such other valid and collectible insurance provides for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than would be payable if each insurer contributes an equal share until the share of each insurer equals the lowest applicable limit of liability under any one policy or the full amount of the loss is paid, and with respect to any amount of loss not so paid the remaining insurers then continue to contribute equal shares of the remaining amount of the loss until each such insurer has paid its limit in full or the full amount of the loss is paid.
- (2) Contributions by Limit: If any of such other insurance does not provide for contribution by equal shares, the Company shall not be liable for a greater proportion of such loss than the applicable limit of liability under this policy for such loss bears to the total applicable limit of liability of all valid and collectible insurance against such loss.

F) Subrogation

In the event of any payment under this policy, the Company shall be subrogated to all the Insured's rights of recovery therefor against any person or organization and the Insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The Insured shall do nothing after loss to prejudice such rights.

G) Changes

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or estop the Company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy.

H) Assignment

Assignment of interest under this policy shall not bind the Company until its consent is endorsed hereon; if, however, the Named Insured shall die, such insurance as is afforded by this policy shall apply (1) to the Named Insured's legal representative, as the Named Insured, but only while acting within the scope of his duties as such, and (2) with respect to the property of the Named Insured, to the person having proper temporary custody thereof, as Insured, but only until the appointment and qualification of the legal representative.

I) Cancellation

This policy may be cancelled by the Named Insured by surrender thereof to the Company or any of its authorized agents or by mailing to the Company written notice stating when thereafter the cancellation shall be effective. This policy may be cancelled by the Company by mailing to the Named Insured at the address shown in this policy, written notice stating when not less than thirty days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the Named Insured or by the Company shall be equivalent to mailing.

If the Named Insured cancels, earned premium shall be computed in accordance with the customary short rate table and procedure. If the Company cancels, earned premium shall be computed pro rata. Premium adjustment may be made either at the time cancellation is effected or as soon as practicable after cancellation becomes effective, but payment or tender of unearned premium is not a condition of cancellation.

J) Declarations

By acceptance of this policy, the Named Insured agrees that the statements in the declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this policy embodies all agreements existing between himself and the Company or any of its agents relating to this insurance.

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Additional Insured (Vendors-Broad Form)

It is agreed that the "Personal Insured" provision is amended to include any person or organization designated below (herein referred to as "vendor"), as an Insured, but only with respect to "bodily injury" or "property damage" arising out of the Named Insured's products designated below which are directly distributed or sold by the vendor. It is also understood that the vendor has directly contracted with the Named Insured in the regular course of the vendor's business, subject to the following addition provisions:

1. The insurance with respect to the vendor does not apply to:
 - (a) any express warranty unauthorized by the named insured;
 - (b) bodily injury or property damage arising out of
 - (i) any physical or chemical change in the form of the product made intentionally by the vendor,
 - (ii) repacking, unless unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under instruction from the manufacturer and then repacked in the original container,
 - (iii) demonstration, installation, servicing or repair operations except such operations performed at the vendor's premises in connection with the sale of the product.
 - (iv) Any failure to make such inspection, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - (v) products which after distribution or sale by the named insured have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor.
2. The insurance does not apply to any person or organization, as Insured, from whom the Named Insured has acquired such products or any ingredient, part or container, entering into, accompanying or containing such products.

SCHEDULE

Vendor(s): All the Vendors who have directly contracted with Named Insured in the regular course of the vendor's business.

Products: As per the declarations of the policy

Asbestos Exclusion

This policy does not apply to any loss, demand, claim or suit arising out of or related in any way to asbestos or

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asbestos-containing materials.

The company shall have no duty of any kind with respect to any such loss, demand, claim or suit.

This endorsement applies to all coverages under this policy.

Deductible Clause

1. The Company's obligation to pay damages on behalf of the Insured applies only to the amount of damages in excess of any deductible amounts stated in the Declarations, which also applies down to any legal defense and costs.
2. The deductible amount stated in the Declarations applies on a "per occurrence" basis under Bodily injury and/or Property Damage Liability Coverage Combined, to all damages and expenses (as stipulated in "Supplementary Payment") because of:
 - (a) "Bodily Injury";
 - (b) "Property damage";
 - (c) "Bodily injury" and "property damages" combined;as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".
3. The terms of this insurance, including those with respect to:
 - (a) The Company's right and duty to defend any "suits" which is seeking those damages; and
 - (b) Insured's duties in the event of an "occurrence", claim, or "suit"apply irrespective of the application of the deductible amount.
4. The Company may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, the Insured shall promptly reimburse the Company for such part of the deductible amount as has been paid by the Company.

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Efficacy Clause

It is understood and agreed that this insurance does not apply; nor do the company have a duty to defend, any claim or suit for bodily injury and/or property damage, resulting from the failure of the insured's product or the insured's work completed by or for the insured to cure, alleviate, prevent, eliminate or retard bodily injury, property damage, or to any such warranties, representations or agreements to that effect that are made by the insured.

Millennium Endorsement

PRODUCTS LIABILITY

Exclusions

This insurance does not apply to "bodily injury" or "property damage" included in the "products hazard" definition and arising directly or indirectly out of:

A. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

- (a) Computer hardware, including micro-processors;
- (b) Computer application software;
- (c) Computer operating systems and related software;
- (d) Computer networks;
- (e) Microprocessors (computer chips) not part of any computer system; or
- (f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph A.(1) of this endorsement

Due to the inability or failure to process, including, but not limited to, calculating, comparing, recording, retrieving, sequencing, reading, storing, manipulating, writing to media, determining, distinguishing, converting, transferring or executing "Date/Time Material".

"Date/Time Material", as used herein, means dates, times or data or information that in any manner includes, depends upon, is contingent upon, is derived from, or incorporates any date or time, irrespective of the manner or medium of storage or recordation.

B. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by the Insured or for the Insured to determine, rectify or test for, any potential or actual problems described in Paragraph A. of this endorsement.

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Minimum Earned Premium Clause

In the event of cancellation of this policy by the Insured, a minimum premium of 25% shall become earned; any cancellation of the policy to the contrary notwithstanding. Failure of the Insured to make timely payments of premium shall be considered a request by the Insured for the Company to cancel. In the event of such cancellation by the Company for non-payment of premium, the minimum premium shall be due and payable; however, such non-payment cancellation shall be rescinded if the Insured remits the full premium due within 10 days of receiving notice of cancellation. In the event of any other cancellation by the Company the earned premium shall be computed pro rata, not subject to the minimum premium.

Mold and Fungi Exclusion

It is agreed that this insurance shall not apply to:

- a. Any sums which any Insured becomes legally obligated to pay as damages because of Bodily Injury, Property Damage, Personal Injury, Advertising Injury or Medical Payments directly or indirectly relating to the actual, potential, alleged or threatened presence of mold, mildew or fungi of any kind whatsoever, or any material containing them at any time.
 - b. Any loss, cost or expense:
 - i. Any Insured or any other person or organization may incur in testing for, monitoring, removing, treating or in any way responding to the actual, potential, alleged or threatened presence of mold, mildew or fungi of any kind whatsoever, or any materials containing them, whether as a result of a request, demand, statutory or regulatory requirement or otherwise; or
 - ii. Any Insured or any other person or organization may incur in connection with any claim or "suit" on behalf of any government authority or any person or organization relating to the actual, potential, alleged or threatened presence of mold, mildew or fungi of any kind whatsoever, or any materials containing them.
 - c. The Company will have no duty or obligation to defend any Insured with respect to any claim or "suit" seeking any such damages.
-

Pollution Exclusion - Absolute

It is agreed that any exclusion in the policy relating to the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, gases, waste materials or other irritants, contaminants or pollutants is replaced by the following:

To personal injury, bodily injury or property damage arising out of the discharge, dispersal, release or escape of

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smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water.

This insurance also does not apply to any cost or expense arising out of any governmental demand or request that an insured test for, assess, monitor, clean-up, remove, contain, treat, detoxify, or neutralize any such irritants, contaminants or pollutants.

This company shall not have the duty to defend any claim or suit seeking to impose such costs, expenses, liability for such damages, or any other relief.

Products Warranty

It is warranted, and a condition precedent to recovery hereunder, that Air Pumps, Heater, Filters, Heating Stone, Heated Mat, Heated Bowl and Heated Bucket are UL/CSA approved and/or complied with the mandatory and/or voluntary safety standards of importing countries.

Failure to comply with the conditions of this warranty shall render this policy null and void.

Professional Liability Exclusion

This policy excludes any liability arising out of the rendering of professional advice or services for a fee or any error or omission connected therewith. For the purposes of this exclusion Professional Services means the performance of work by the Insured for any service or advice provided for a fee or remuneration; including but not limited to designing, consulting, predesign, specification, technical information, feasibility studies, surveying, project management, supervision of construction under the direct instruction of an architect or engineer, misstatements, misleading statements, defamation, breach of any intellectual property right (such as copyright, trademark, patent), breach of contract, breach of confidentiality or similar activities.

Punitive Damages Exclusion Clause

It is agreed that this insurance shall not apply to fines, penalties, punitive damages, exemplary damages, treble damages, or other damages resulting from the multiplication of compensatory damages.

Pure Financial Loss Exclusion

This Policy does not cover the liability of financial loss sustained by a customer or user of any Insured's Products if such financial loss is a direct result of the defective or harmful conditions of such Insured's Products or their failure to perform a function for which they were supplied by the Insured.

All other terms & conditions remain unchanged.

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Silica Exclusion

A. This insurance does not apply to:

Silica

1. "Bodily Injury" and "Property Damage" related to the actual, alleged, or threatened presence of or exposure to "silica" in any form, or the harmful substances emanating from "silica". This includes the use of, consumption of, ingestion of, inhalation of, absorption of, contact with, existence of, presence of, proliferation of, discharge of, dispersal of, seepage of, migration of, release of, escape of, or exposure to "silica". Such injury from or exposure to "silica" also includes, but is not limited to:

- a. The existence, storage, handling or transportation of "silica";
- b. The removal, abatement or containment of "silica" from any structures, materials, goods, products, or manufacturing process;
- c. The disposal of "silica";
- d. Any structures, manufacturing processes, or products containing "silica";
- e. Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage;
- f. Any product manufactured, sold, handled or distributed by or on behalf of the insured which contains "silica"; or
- g. Any supervision, instructions, recommendations, warranties (express or implied), warnings or advice given or which should have been given.

2. Any loss, cost or expense including, but not limited to, payment for investigation or defense, fines, penalties, interest and other costs or expenses, arising out of any:

- a. Claim, "suit", demand, judgment, obligation, order, request, settlement, or statutory or regulatory requirement that any insured or any other person or entity test for, monitor, clean up, remove, contain, mitigate, treat, neutralize, remediate, or dispose of, or in any way respond to, or assess the actual or alleged effects of "silica"; or
- b. Claim, "suit", demand, judgment, obligation, request, or settlement due to any actual, alleged, or threatened injury or damage from "silica" or testing for, monitoring, cleaning up, removing, containing, mitigating, treating, neutralizing, remediating, or disposing of, or in any way responding to or assessing the actual or alleged effects of, "silica" by any insured or by any other person or entity; or
- c. Claim, "suit", demand, judgment, obligation, or request to investigate which would not have occurred, in whole or in part, but for the actual or alleged presence of or exposure to "silica".

This exclusion applies regardless of who produced, installed, used, owned, sold, distributed, handled, stored or controlled the "silica".

B. The following definition is added to the DEFINITIONS Section:

"Silica" means the mineral, silicon dioxide, and any type or form of it including, but not limited to, silica-containing products, goods, fibers or materials, silica dust, fine particulate dust of siliceous or silicic

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minerals, and any gases, vapors, scents or by-products produced or released by silica, silica dust or silica-containing products, goods, fibers or materials. Siliceous or silicio minerals include, but are not limited to, sand, quartz, slate, granite and flint.

Terrorism Exclusion Endorsement

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes death, injury, illness, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any Act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss;

For the purpose of this endorsement Act of Terrorism means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This endorsement also excludes death, injury, illness, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any Act of Terrorism.

USA/Canada Domiciled Operations Exclusion

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto, it is agreed that this insurance does not apply to any claim arising directly or indirectly out of, caused by, resulting from, or in connection with any Named Insured's USA/Canada domiciled operations.

The addition of this endorsement does not imply that other policy provisions do not otherwise preclude or excluded coverage for any such claims, suits or proceedings.

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美商安達北美洲產物保險股份有限公司
Insurance Company of North America

ENDORSEMENT

Named Insured: Meiko Pet Corp./Meiko Pet (Soung-Gang) Mfg.
Factory

Date: September 21, 2007

Policy No.: JCL0502023/2006-412

Endorsement No.: 01-2007212

It is hereby declared and agreed that, the policy expiry date is extended to October 01, 2007 from September 20, 2007. Consequently, an additional premium of US\$950 (calculation as below) is due to the Company.

Calculation: US\$31,525 X (11/365) = US\$950

All other terms and conditions remain unchanged.

Insurance Company of North America
Taipei Branch Office


Authorized Signature

